Message Text

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PAGE 01 TEHRAN 07403 200836Z ACTION NODS-00

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FM AMEMBASSY TEHRAN

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CHEROKEE

CORRECTEDCOPY (TEXT PARA 4 TO END OF MESSAGE)

FOR SECRETARY FROM SULLIVAN

E.O.11652: XGDS-1 TAGS: MASS, IS, IR

SUBJ: ISRAELI - IRAN CO-PRODUCTION

REF: TEHRAN 7401

- 1. FOLLOWING UP LAST NIGHTS CONVERSATION ON IRAN-ISRAEL CO-PRODUCTION, GENERAL TOUFANIAN ASKED ME TO HIS HOUSE AFTERNOON AUGUST 19. HE SAID HE HAD REPORTED OUR CONVERSATION TO SHAH THIS MORNING, PRIOR SHAH'S AUDIENCE WITH DAYAN.
- 2. AFTER AUDIENCE, SHAH TOLD TOUFANIAN THAT DAYAN CLAIMED YOU HAD "BLESSED" ENTIRE TRANSACTION AND THAT HE PERSONALLY HAD TOLD YOU THAT SYSTEM INVOLVED WOULD BE SURFACE-TO-SURFACE MISSILE OF 300 MILE RANGE. HE CLAIMED YOU OFFERED NO OBJECTION.
- 3. HOWEVER, IN ORDER TO MEET AMERICAN "PROBLEMS" DAYAN AND HIS WEAPONS EXPERT, DR. ZUSSMAN, WERE PREPARED TO REPLACE THE ELEMENTS OF U.S. ORIGIN WITH PRODUCTS FROM OTHER SOURCES. (THEY ALLEGE THEY HAVE AN INERTIAL GUIDANCE SYSTEM OF FRENCH DESIGN TO REPLACE SECRET

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THE U.S. GYROSCOPE) ZUSSMAN SAID HE COULD ASSURE IRAN OF A WEAPON "WITHOUT A SINGLE SCREW IMPORTED FROM OR LICENSED BY U.S."

4. TOUFANIAN SAID THAT, EVEN IF NO RPT NO U.S. COMPONENTS OR TECHNOLOGY INVOLVED, SHAH WANTED NIHIL OBSTAT FROM U.S. HE WAS DISTURBED BY APPARENT DISPARITY BETWEEN U.S. AND ISRAELI REPORTS OF YOUR CONVERSATION WITH DAYAN. HE DID NOT WANT TO AGREE TO

SOMETHING WITH ISRAEL AND HAVE U.S. RAISE OBJECTIONS LATER.

- 5. I REPEATED TO TOUFANIAN THE GUIDANCE YOU HAVE GIVEN ME, BUT POINTED OUT THAT IT WAS BASED ON ASSUMPTION THAT U.S. COMPONENTS WOULD BE INVOLVED. I STRESSED THAT TRANSFER OF SUCH ITEMS REQUIRED ACTION IN ACCORDANCE WITH OUR LAWS. IF THERE WERE NO RPT NO U.S. ELEMENTS, OUR LEGAL AND OFFICIAL POSITION WAS QUITE DIFFERENT. IT WOULD NO LONGER BE A QUESTION OF OBTAINING OUR FORMAL CONSENT. BUT RATHER OUR ADVICE AND OPINION.
- 6. I SAID THAT OUR VIEW, AS I UNDERSTOOD IT, WAS THAT WE WOULD HAVE NO OBJECTION TO AN IRAN-ISRAEL CO-PRODUCTION PROJECT WHICH BENEFITED BOTH COUNTRIES AND DID NOT DISTURB THE REGIONAL ARMS BALANCE. I WOULD HAVE TO SEEK YOUR VIEW, HOWEVER, ON THE PARTICULAR MISSILES UNDER DISCUSSION.
- 7. I ALSO SUGGESTED TOUFANIAN RELAY TWO OTHER QUESTIONS TO THE SHAH. I RECALLED THAT THE SHAH HAD SAID HE WOULD ENTER THIS VENTURE ONLY IF ISRAEL WAS "FLEXIBLE" ABOUT A MID-EAST SETTLEMENT. DID THE SHAH REGARD CURRENT ISRAELI POLICY AS FLEXIBLE?
- 8. SECOND QUESTION WAS WHETHER IRANIANS HAD ANY IMPRESSION ISRAELIS SEEKING TO TIE THEM UP IN ARRANGEMENTS WHICH WOULD PROTECT THEIR PETROLEUM SOURCES WHILE THEY ENGAGED IN PERIOD OF CONFRONTATION WITH U.S. (ZUSSMAN TELEPHONED WHILE I WAS WITH TOUFANIAN SEEKING TO BRING AGREEMENT TO HIS HOUSE FOR SIGNATURE, SECRET

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INDICATING VERY EAGER ATTITUDE).

9. TOUFANIAN SAID THESE WERE PRECISELY QUESTIONS WHICH WERE TROUBLING SHAH AND HE DID NOT WISH GET OUT OF LINE WITH OUR ACTIONS AND POLICY. HE ASKED IF I COULD HAVE YOUR REACTION SOONEST, SINCE HE HAD TO GIVE A REPLY TO ISRAELI NO LATER THAN AUGUST 21. SHAH IS LEAVING FOR POLAND AUGUST 22. HE ASKED THAT I STAND BY FOR POSSIBLE AUDIENCE WITH SHAH AUGUST 21.

10. ACTION REQUESTED: IN LIGHT NEW FACTS REPORTED THIS MESSAGE, PLEASE PROVIDE ANSWERS TO QUESTIONS RAISED TO BE IN TEHRAN IF POSSIBLE BY OPENING OF BUSINESS AUGUST 20. SULLIVAN

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Margaret P. Grafeld	Declassified/Released	US Department of State	EO Systematic Review	22 May 2009

Message Attributes

Automatic Decaptioning: X

Capture Date: 01-Jan-1994 12:00:00 am Channel Indicators: n/a

Current Classification: UNCLASSIFIED

Concepts: POLICIES, ARMS PRODUCTION, JOINT VENTURES, MISSILES, CAT-C, CHEROKEE 08/19/77, CHEROKEE, DIPLOMATIC

DISCUSSIONS, BRIEFINGS, INTERGOVERNMENTAL COOPE RATION

Control Number: n/a Copy: SINGLE

Sent Date: 19-Aug-1977 12:00:00 am Decaption Date: 01-Jan-1960 12:00:00 am

Decaption Note: Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009

Disposition Date: 22 Ma Disposition Event: Disposition History: n/a Disposition Reason: Disposition Remarks:

Document Number: 1977TEHRAN07403 Document Source: CORE Document Unique ID: 00

Drafter: n/a

Enclosure: FOR SECRETARY FROM SULLIVAN Executive Order: X1

Errors: N/A **Expiration:**

Film Number: P840076-1319

Format: TEL From: TEHRAN

Handling Restrictions: n/a

Image Path:

Secure: 1 Legacy Key: link1977/newtext/t19770842/aaaabjep.tel

Line Count: 107 Litigation Code IDs:

Litigation Codes: Litigation History: Locator: TEXT ON-LINE, ON MICROFILM Message ID: 60c88457-c288-dd11-92da-001cc4696bcc

Office: ACTION NODS
Original Classification: SECRET Original Handling Restrictions: n/a
Original Previous Classification: n/a

Original Previous Glassification: n/a
Original Previous Handling Restrictions: NODIS
Page Count: 2

Previous Channel Indicators: n/a Previous Classification: SECRET Previous Handling Restrictions: NODIS Reference: 77 TEHRAN 7401

Retention: 0

Review Action: RELEASED, APPROVED

Review Content Flags: Review Date: 11-Apr-2005 12:00:00 am

Review Event:

Review Exemptions: n/a **Review Media Identifier:** Review Release Date: n/a Review Release Event: n/a Review Transfer Date: Review Withdrawn Fields: n/a

SAS ID: 1543361 Secure: OPEN Status: NATIVE

Subject: ISRAELI - IRAN CO-PRODUCTION TAGS: MASS, PGOV, IS, IR, US

To: STATE Type: TE

vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/60c88457-c288-dd11-92da-001cc4696bcc Review Markings:

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Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009